

PROCEDURE FOR CONTROLLING F.T.O. DELIVERED TAR

PRODUCING CIGARETTES

1. Control Limits

Two sets of control limits will be set, one for monthly and one for quarterly data. The proposed limits are:

Monthly Data ± 0.7 mg. as a warning
 ± 1.0 mg. for action

Quarterly Data ± 0.5 mg. as a warning
 ± 0.7 mg. for action

2. Reports

Quality Control will continue to report data each month. This report will review current data and highlight those brands deviating from the above limits.

3. Action

Once a brand outside limits has been identified, the following actions will be taken by the designated departments. As far as possible, these actions will start before a brand exceeds the action limit to provide adequate time for preparation.

a. Quality Control and Operations Services will review the information and determine:

- (1) Possible cause
- (2) Scope of the problem
- (3) Available courses of action

b. Operations Services will arrange to make any samples that may be necessary.

c. Quality Control will test and evaluate those samples.

d. Operations Services and/or Q.C. will recommend required specification changes after discussion of material availability, equipment capability, etc., with the appropriate departments.

4. Incoming Materials

If the probable cause of delivered tar variations appears to be

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4. Incoming materials (Cont'd.)

variation: Incoming materials, the Q.C. will meet with purchasing to determine whether an approval of the supplier is warranted.

5. Specification changes

Recommendations to change cigarette specification will be submitted to Richmond Operations Management for approval prior to implementation. Richmond Management will have authority to approve specification changes in the following three areas:

- a. Filter I.D. - provided that the change will not move the filter plug I.D. to a point outside ± 0.5 inches from the base specifications, and filter tow is not changed.
- b. Cigarette Paper - provided that the change is restricted to the "grade step" at any time.
- c. Dilution - provided that the change is restricted to those brands already diluted. The change may be in size or number of holes dilution needles or plugwrap porosity.

Richmond Operations Management will have authority to approve changes which consist of combinations of these three types of change.

All recommendations to change specifications other than those defined in the above three areas, or changes which fall outside the restrictions defined above, will be submitted to New York Management for approval.

6. Timing

Changes which do not require a change in the materials used can be implemented rapidly, less than one month. Initially, samples will be produced but as experience is gained, these will be discontinued.

A material change will normally take longer. A small brand using existing materials could normally be changed in less than one month. A larger brand or one using special materials, e.g., Marlboro, 11, Slims, would require manipulation of inventories and supplies. It will be the responsibility of operations services and purchasing to organize the transition for changes and planning will start as soon as an initial process is identified.

TEST MARKET PRODUCTS

2. Initial production will use the Preliminary specifications submitted by RoD. If an entirely new item, e.g., tow or paper, is required, then production samples will be made prior to ordering large quantities of that material.

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TEST MARKET PROPOSALS (Cont'd.)

2. The initial results will be compared to a target F.T.C. tar. This target will be supplied by New York.
3. As with regular production cigarettes, when a brand or brands falls outside their respective tar delivery limits corrective actions would be implemented as stated in item #3 above.

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